

Message Text

LIMITED OFFICIAL USE

PAGE 01 BOGOTA 03784 242126Z

63

ACTION ARA-10

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07

INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 SAM-01 OES-03

SP-02 SS-15 STR-04 TRSE-00 FRB-03 /085 W

----- 033873

R 242032Z APR 75

FM AMEMBASSY BOGOTA

TO SECSTATE WASHDC 8304

INFO AMCONSUL CALI

AMCONSUL MEDELLIN

LIMITED OFFICIAL USE BOGOTA 3784

EO 11652: NA

TAGS: ENRG CO

SUBJ: PETROLEUM PRICES AND STATE PARTICIPATION

REF: BOGOTA 3139

1. THE COLOMBIAN MINISTRY OF MINES ISSUED A DECRESS APRIL 22 INCREASING REFINERY PRICES 15 PERCENT FOR ALL PETROLEUM PRODUCTS EXCEPT MOTOR GASOLINE AND LPG. WITH THE EXCEPTION OF KEROSENE AND KIESEL OIL, PRICES CHARGED BY DISTRIBUTORS HAVE NOT YET BEEN INCREASED. A FURTHER DECREE, HOWEVER, IS EXPECTED WITHIN A WEEK ALSO RAISING DISTRIBUTOR PRICE LEVELS BY ABOUT 15 PERCENT. IN SOME CASES SUCH AS MOTOR OIL INCREASED CONTAINER COSTS MAY RESULT IN A SLIGHTLY HIGHER PRICE RISE.

2. THE PRINCIPAL RESULT OF THE PRICE INCREASE WILL BE TO ELIMINATE THE LOSS BEING INCURRED BY ECOPETROL SINCE 1971 FROM REFINERY SALES OF THE PRODUCTS INVOLVED. ECOPETROL OFFICIALS INDICATE THAT THE NEW PRICE LEVELS WILL STILL NOT RESULT IN A PROFIT BUT ONLY ELIMINATE THE EFFECTIVE SUBSIDY WHICH REACHED ALMOST 100 MILLION PESES IN 1974. A PERIPHERAL RESULT MAY BE THE

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 BOGOTA 03784 242126Z

CONDITIONING OF THE PUBLIC FOR LATER INCREASES IN THE KEY AREA

OF MOTOR GASOLINE. HIGH OFFICIALS IN BOTH THE MINISTRY AND ECOPETROL, HOWEVER, EXPECT THAT ANY MAJOR INCREASE IN GASOLINE PRICES WILL BE DELAYED UNTIL EARLY 1976. ALTHOUGH SOME COMPLAINTS BY LABOR OFFICIALS HAVE ALREADY BEEN VOICED CONCERNING THE PRESENT INCREASE IN PRODUCT PRICES. PLANNING OFFICE OFFICIALS ESTIMATE THAT THE TOTAL IMPACT ON THE COST OF LIVING INDEX WILL BE NO MORE THAN ONE PERCENT.

3. THE MINISTER OF MINES ANNOUNCED ALONG WITH THE NEW PRICES A DECREE SETTING FORTH PROCEDURES FOR ASSOCIATION AGREEMENTS WITH ECOPETROL ON EXPLORATION. THESE PROCEDURES, HOWEVER, CONTAIN NOTHING NEW FROM ALREADY EXISTING PRACTICE. THE MINISTER ALSO STATED THAT "FIRM BASES HAVE BEEN ESTABLISHED TO COMPLETE NEGOTIATIONS ON THE 50 PERCENT EXOPETROL PARTICIPATION WITH AT LEAST THREE COMPANIES." THIS STATEMENT IS, HOWEVER, APPARENTLY INACCURATE. ACTUAL NEGOTIATIONS HAVE BEGUN WITH ONLY ONE FIRM, THE EXXON AFFILIATE, AND ARE STILL VERY MUCH IN THE PRELIMINARY STAGE.
VAKY

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, PRICES
Control Number: n/a
Copy: SINGLE
Draft Date: 24 APR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975BOGOTA03784
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750145-0122
From: BOGOTA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750418/aaaaaqlq.tel
Line Count: 80
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 BOGOTA 3139
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 05 SEP 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <05 SEP 2003 by ShawDG>; APPROVED <17 NOV 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PETROLEUM PRICES AND STATE PARTICIPATION
TAGS: ENRG, CO
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006